

# INNOVATION

## Leveraging Resources and Market Trends to Foster Innovation

Wednesday, May 31, 2017

### MODERATOR:

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### PANELIST:

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*Assistant Director,  
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**Erin Horne McKinney**

*Co-founder & CEO,  
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# Expert Panelist - Moderator

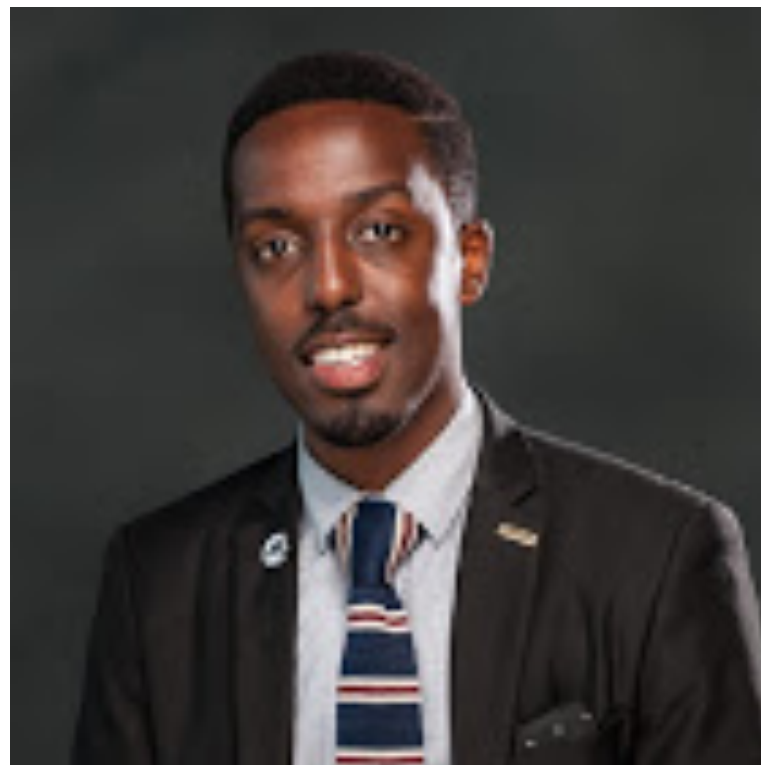
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# Welcome

Before we begin please note the following:

- All attendees will be placed on mute throughout the duration of the webinar to avoid technical difficulties and disruptive noise
- Feel free to write comments in the chat feature throughout the presentation and discussion
- Your webinar experience may be impacted based on your service if you are dialing-in or by your internet connection. Make sure you use a landline or direct connection to internet.

# Expert Panelist - Moderator

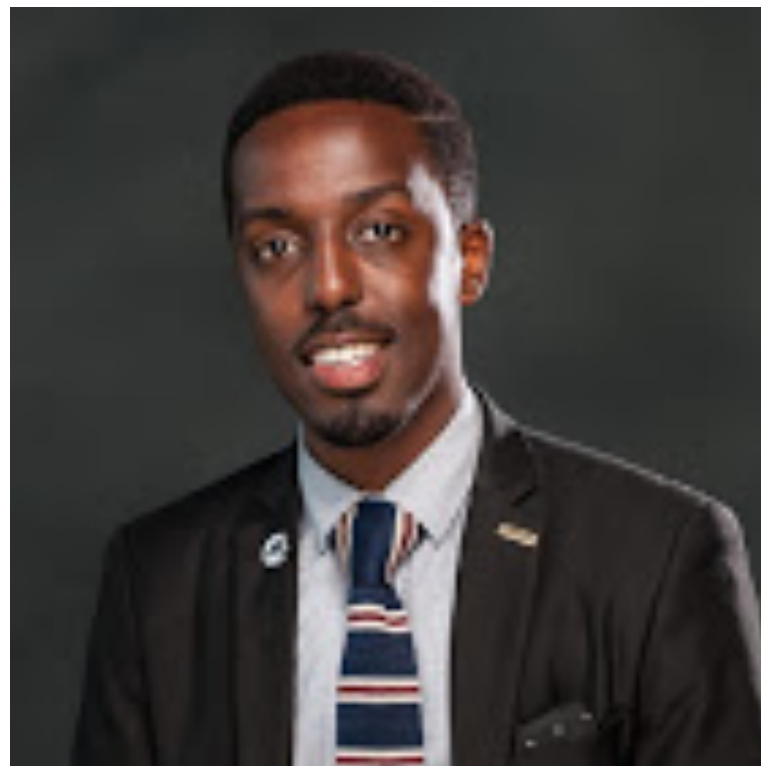
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# Polling Question #1

What size is your business?

- a. Mom and Pop (no employees)
- b. Micro (2-14 employees)
- c. Small (15-49 employees)
- d. Medium (50-499 employees)
- e. Large (500+ employees)

Inspiration Creativity

Technology Idea Experiment

Innovation Change

Research Improvement

Development Analysis

Concept Invention



# What is Innovation?

"The intersection of invention and insight, leading to the creation of social and economic value."

- U.S. National Innovation Initiative

"Innovation is the profitable implementation of ideas"

# What is Innovation?

“An innovation can increase profits on the value side (customers value an innovation enough to pay more for it) . . .

. . . or the cost side (the company produces a product offering in a more efficient way). “

© Gordon Graham 2008

# Why is Innovation Important

- Innovation enables you to see potential acquisitions through a different lens:
  - Profit: Accelerating profitable top-line revenue growth
  - Value: Better goods and services, cheaper price
  - Efficiency: Streamlining production, creating a more efficient work flow and shifting profits to employees

# Types of Innovation

- Breakthrough Innovation
- Sustaining Innovation
- New Market Innovation
- Disruptive Innovation



# Breakthrough Innovation



## **BREAKTHROUGH**

a large, discrete step  
change in performance,  
technology and value  
provided to users

Something new, bold, and way ahead of  
the next best thing.

– Requires:

- Access to resources
- Laser-like focus
- Thorough understanding of end user
- Technical competency

# Sustaining Innovation



iPhone 5

## SUSTAINING

incremental value gain  
over existing solutions  
available to users

Improving the current product by developing generations (2, 3, 4, *etc.*) until the product reaches the end of it's life cycle.

- Typical efforts include:
  - Featured updates (fixes/additions)
  - Cost reductions
  - Product line expansions (proliferation)

# New Market Innovation



Applying a current product in a new way and/or for a different segment of customers.

– Things to consider:

- Adjacent spaces
- Versatility
- Intended usage vs. actual customer usage

# Disruptive Innovation



Simple, low cost solution to your customers problem.

– Things to consider:

- Conduct a competitor analysis
- Assess industry trends
- Focus on one job to be done rather than several
- Make sure the solution is scalable
- Observe industry trends



## Polling Question #2

What type of innovation works best for your business?

- a. Breakthrough Innovation
- b. Sustaining Innovation
- c. New Market Innovation
- d. Disruptive Innovation

# Innovation: Data Perspective

## THE DEMOGRAPHICS OF INNOVATION IN THE UNITED STATES

Innovation is a vital engine of progress for the economy and society. But who are America's innovators, and how and where does innovation occur? To find out, ITIF surveyed more than 900 people who have made meaningful, marketable contributions to technology-intensive industries as award-winning innovators and international patent applicants.

### Who Are America's Innovators?

Only 12 percent  
of US innovators  
are women.



46 percent are immigrants  
or the children of immigrants.

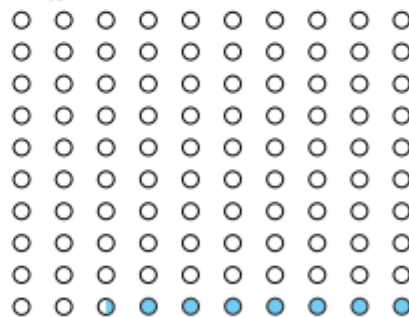
Children of Immigrants = 10%

Immigrants = 35.5%



Less than 8 percent of US-born  
innovators are minorities.

White



Non-White

# Innovation: Data Perspective

**WOMEN-OWNED  
BUSINESSES**

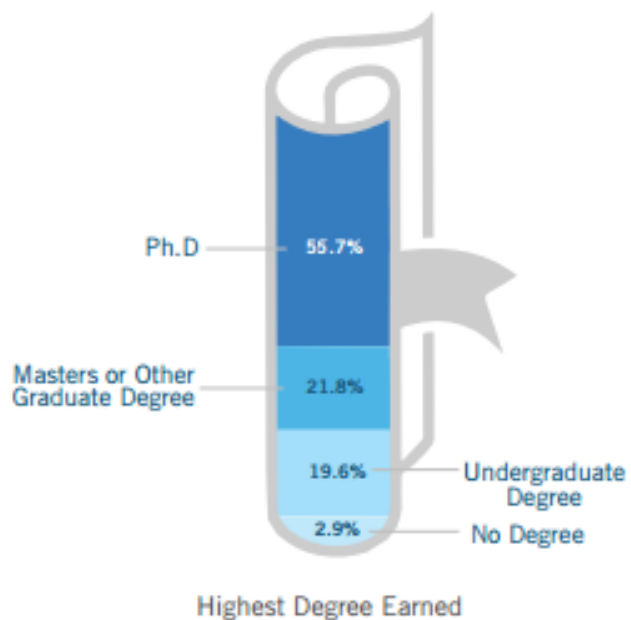
ACCOUNT FOR **30%** OF ALL FIRMS

HOWEVER, WOMEN-OWNED  
BUSINESSES EMPLOY JUST **6%**  
OF THE OVERALL WORKFORCE  
AND MAKE UP LESS THAN **4%**  
OF BUSINESS REVENUES.

SOURCE: THE 2015 STATE OF WOMEN-OWNERS BUSINESSES REPORT  
BY WOMENABLE AND AMERICAN EXPRESS OPEN

# Innovation: Data Perspective

**Innovators are highly educated,  
especially in STEM fields.**



**Most foreign-born innovators  
are from Asia and Europe.**

A world map with blue outlines of continents, highlighting the regions of Europe and Asia in a darker blue to indicate the primary sources of foreign-born innovators.

Europe	35.4%
India	21.5%
China	17.1%
Other East Asia	5.1%
Latin America	4.7%
Africa	4.4%
Canada	3.8%
Middle East	3.2%
Other Southeast Asia	3.2%
Oceania	1.6%



# Innovation: Data Perspective

**Small companies often rely on government funding to innovate.**

Among innovations that happen in companies with fewer than 25 employees, 60% receive public grants.



**28 percent of innovations face barriers to commercialization.**



**Of those facing barriers, innovators cite:**

Regulatory challenges

**33%**

Lack of funding for further development

**58%**



**SBIR · STTR**  
America's Seed Fund™  
POWERED BY SBA

Combined, the 11 federal agencies award \$2.6 billion in SBIR and STTR grants and contracts annually with these goals:

- Stimulating technological innovation
- Meeting federal R&D needs
- Fostering participation in innovation and entrepreneurship by socially and economically disadvantaged persons, and
- Increasing private-sector commercialization of innovations derived from federal R&D funding.

# The SBIR MBE Assessment

- Hispanics comprise 17 percent of the population and 5 percent of STEM graduates. Eight percent of businesses are Hispanic-owned.
- African Americans comprise 13 percent of the population and 4 percent of STEM graduates. Seven percent of businesses are African American-owned.
- Asian Americans comprise 5 percent of the population and 17 percent of STEM graduates. Six percent of businesses are Asian American-owned.
- Native Americans comprise 1.2 percent of the population and 0.3 percent of STEM graduates. One percent of businesses are Native American-owned.
- MBEs comprise less than 10 percent of SBIR awardees

# Diversity Vs. Inclusion

*“Diversity is being invited to the party, Inclusion is being asked to dance...”*



### **MBDA's I-3: Growing the Minority Innovation Ecosystem**

I-3 will serve as the national education and resource clearinghouse for Minority Business Enterprises (MBEs), HBCUs/Minority Serving Institutions (MSIs) and minority youth entrepreneurs to engage in regional ecosystems designed to increase the number of minority innovators that engage in advance technology transfer activities, specifically with the national federal laboratory network.

### **MBDA's I-3: Leveraging the Minority Innovation Ecosystem**

MBDA will leverage the program to proactively increase the participation and success rates of MBEs and MSIs in technology industries through federal and commercial technology programs (e.g., SBIR, STTR, FLC, Government wide Tech Transfer Offices and Commercial Resources).

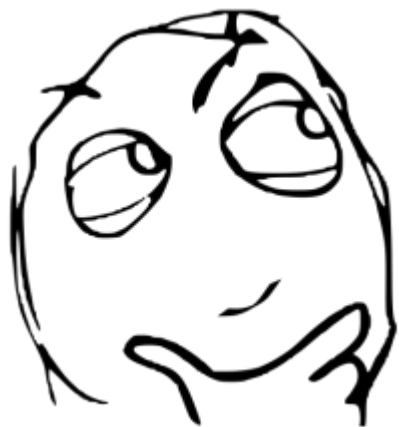




**MBDA is your connection to the next generation of innovators!**

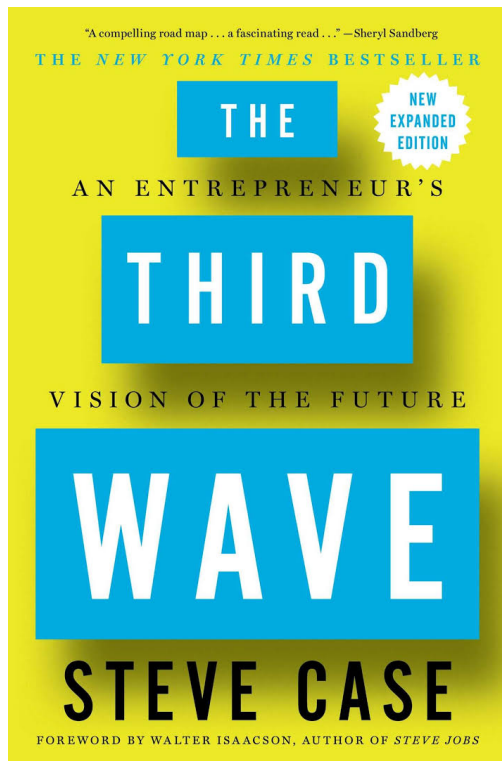


# Myths of Innovation



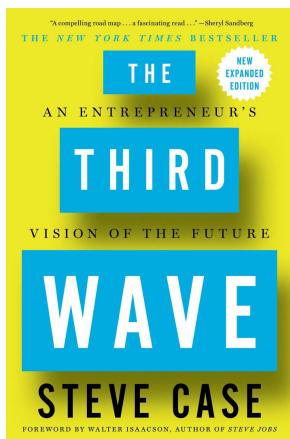
- Innovation is not for me: FALSE
- Innovation is for geniuses: FALSE
- Innovation is all about profits: FALSE
- Innovation will take years: FALSE

# Ride the Wave, Join the Movement...



*“The first wave was companies like AOL that built the hardware and software foundation for the connected world. The second wave was built on top of the internet—web services companies like Google, social media operations like Facebook, and those producing mobile technology like Apple. This third wave is the stage where all companies are internet-powered tech companies, and any newcomers will have to challenge the biggest incumbent industries in the world...”*

# Ride the Wave, Join the Movement...



“You shouldn't focus on why you can't do something, which is what most people do. You should focus on why perhaps you can, and be one of the exceptions.”

-Steve Case

# Expert Panel Discussion



# Expert Panelist - Moderator

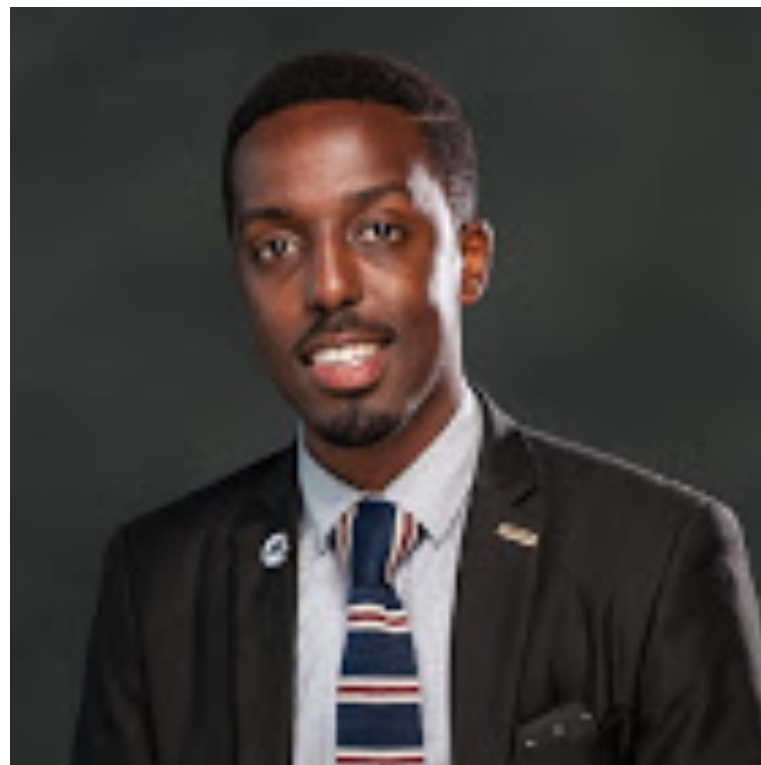
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# Thank You!

Join us next month from 2:00 p.m. - 3:30 p.m. for our *technology webinar* on June 28, 2017! Follow MBDA for more information and insights!

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